

Washington Slowly Wakes Up From AT&T's Bad Dream

Despite a mountain of evidence supporting the view AT&T T Mobil is bad for competition and consumers AT&T continues to try to mislead the FCC and Justice that the merger does not violate antitrust law and is competitive. They ridiculously claim that Senator Herb Kohl the Senate's top antitrust official who sits on the Senate Judiciary Committee doesn't understand antitrust law. Don't fall for their PR nonsense.

Congress may be finally waking up to the obvious: that the massive merger of AT&T with T-Mobile just doesn't make sense.

No amount of contributions from AT&T, or visits from AT&T lobbyists, will alter this simple truth.

On Wednesday, the Senate's top antitrust official, Sen. Herb Kohl of Wisconsin, weighed the facts and wrote a letter urging Attorney General Eric Holder and FCC Chairman Julius Genachowski to reject AT&T's proposed takeover.

Sen. Kohl wrote that "the acquisition, if permitted to proceed, would likely cause substantial harm to competition and consumers, would be contrary to antitrust law and not in the public interest, and therefore should be blocked by your agencies."

Sen. Kohl's joined a growing chorus of opposition in Washington to the proposed merger. Reps. Ed Markey (D-Mass.), Anna Eshoo (D-Calif.) and John Conyers (D-Mich.) also submitted a letter on Wednesday stating that they believed AT&T's takeover of T-Mobile "would be a troubling backward step in federal public policy -- a retrenchment from nearly two decades of promoting competition and open markets to acceptance of a duopoly in the wireless marketplace."

Imagining what those T-Mobile ads would look like

Opposition to this unprecedented consolidation is growing, and will only continue to grow once policymakers and the public see that the facts contradict AT&T's propaganda.

In his letter, Sen. Kohl provides a detailed analysis of the deal, and notes that T-Mobile is one of the sectors strongest price competitors, with services costing from \$15 to \$50 less than comparable plans on AT&T. T-Mobile is a "competitor that disciplines price increases from all three other national cell phone competitors," Sen. Kohl writes, adding that approval of the merger "raises a substantial likelihood that prices will rise."

He also notes that the merger would hand AT&T and Verizon control of 80 percent of the market, Kohl cites antitrust law, which explicitly forbids mergers that "may tend to substantially lessen competition."

Despite a mountain of evidence to support Sen. Kohl's claim, AT&T continues to say, as it did in its filing to the FCC, that "the wireless marketplace will be more competitive" as a result of this merger.

It gets worse. In response to Sen. Kohl's letter, AT&T spokesman Michael Balmoris said that the senator's view "is inconsistent with antitrust law, is shared by few others and ignores the many positive benefits and numerous supporters of the transaction."

Think about that for a second. An AT&T flack is saying that a highly respected leader of the Judiciary Committee, who is considered an expert in matters related to antitrust, knows nothing about antitrust law, or knows less than AT&T's public relations department.

While their claims about competition seem false to everyone, especially those who can count, convincing Washington to question the gospel of AT&T is no easy task.

The phone giant has spent \$200 million on lobbyists and campaign contributions over the years. This astronomical sum goes a long way toward explaining why earlier this month a cabal of House Democrats looked the other way and signed a letter stating that the merger would lead to billions of dollars in new investment and create thousands of new jobs.

Never mind that the opposite is true, that the merger will mark a net drop in capital expenditures for network build out and likely result in layoffs for more than 20,000 "redundant" T-Mobile employees.

In Washington, the facts too often don't hold a candle to a phalanx of industry lobbyists and a pile of campaign checks. Until now, this toxic blend of misinformation and cash has hijacked the debate surrounding this merger.

The good news is that the common-sense efforts of Kohl and others are starting to unravel AT&T's fantasy. More people inside Washington have begun to see its lobbying juggernaut for what it is: a well-funded push for a government handout, instead of competing fairly in the free market.

AT&T doesn't need to acquire T-Mobile to serve rural America or improve the quality of its service. And as more members of Congress point out, this merger will kill competition and lead to higher prices, reduced investment and more unemployment.

As Washington separates fact from fantasy, the regulators at the DOJ and FCC simply need to do

their jobs. They will surely have no choice but to reject this takeover outright.